

**VILLAGE OF BARODA**

**FINANCIAL REPORT**

**March 31, 2006**

Michigan Department of Treasury  
496 (2-04)**Auditing Procedures Report**

Issued under P.A. 2 of 1988, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>VILLAGE OF BARODA</b>	County <b>BERRIEN</b>
Audit Date <b>3/31/06</b>	Opinion Date <b>4/28/06</b>	Date Accountant Report Submitted to State: <b>July 7, 2006</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <b>GERBEL &amp; COMPANY, P.C.</b>			
Street Address <b>830 PLEASANT STREET, P.O. BOX 44</b>		City <b>ST. JOSEPH</b>	State <b>MI</b>
Accountant Signature <i>Robert K. Gerbel</i>		ZIP <b>49085</b>	Date <b>7-7-06</b>

VILLAGE OF BARODA  
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2006

CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	I-X
INDEPENDENT AUDITOR'S REPORT .....	1
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets.....	2
Statement of Activities.....	3
Governmental Funds - Balance Sheet .....	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	5
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances .....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	7
Proprietary Funds - Statement of Net Assets.....	8
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Assets .....	9
Proprietary Funds - Statement of Cash Flows .....	10-11
Notes to Financial Statements .....	12-22
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	23
Major Street Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	24-25

## CONTENTS - Continued

### SUPPLEMENTARY INFORMATION

#### Nonmajor Governmental Funds:

Description of Funds.....	26
Combining Balance Sheet.....	27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	28

#### General Fund:

Statement of Revenues, Compared to Budget .....	29
Statement of Expenditures, Compared to Budget.....	30-33

#### Nonmajor Special Revenue Funds:

Combining Balance Sheet.....	34
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	35-36

**Village of Baroda  
Berrien County, Michigan  
Management's Discussion and Analysis  
Fiscal Year 2005 – 2006**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

**Government Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and Statement of Activities are designed to be corporate-like in that all the government and business-type activities are consolidated into columns, which add to a total for the Primary Government. These statements should help the reader to answer the questions: Is the Village, as a whole, better off or worse off as a result of this year's activities? The year's revenues and expenses are recognized regardless of when cash is received or paid?

The Statement of Net Assets focus is designed to be similar to the bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources, (short-term spendable resources) with capital assets and long-term obligations (total economic resources). This statement presents all of the Village's assets and liabilities, with the difference between the two reported at "net assets." Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. However, in order to assess the overall health of the Village, non-financial factors such as the Village's property tax base and condition of its infrastructure (water lines, sewer lines and lift stations) may also need to be considered.

The Statement of Activities is focused on both the gross and net cost of the various activities (governmental and business-type activities) that are supported by the Village's property taxes, state revenue sharing, water and sewer user fees, and other revenues. This presentation is intended to summarize and simplify the user's analysis of the cost of the various governmental services and provides information showing how the Village's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Baroda that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works and recreation and culture. The business-type activities of the Village include the water and sewer funds.

Both statements report two activities:

1. Governmental Activities – Most of the Village's basic services (police, park, government operations) are reported under this category. Taxes and intergovernmental revenue generally fund these services. The Village's governmental activities include legislative, general government, public safety, public works and recreation.
2. Business-type Activities – The Village charges fees to customers for water and sewer usages to cover all or most of the cost of services provided. The Village operates two business-type activities that reflect private sector type operations: Water and Sewer operating.

### **Fund Financial Statements**

Traditional users of the governmental financial statements will find the fund financial statements presentation more familiar. These statements provide more detailed information about the Village's most significant funds (Major Funds), not the Village as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Village uses to maintain control over resources that have been segregated for a specific activity or objective. The Village of Baroda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

State Law requires certain funds be maintained. The Village Council establishes other funds to control and manage money for particular purposes. The Fund Financial Statements allow the demonstration of sources and uses and/or budgetary compliance associated therewith. In addition to major funds, the Village presents individual fund data for nonmajor funds in the supplementary information section.

All of the funds of the Village of Baroda can be divided into two categories: governmental and proprietary funds. Government Funds include the General Fund, and special revenue funds. The Proprietary Funds include the Water and Sewer Operating Funds.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund statements are presented on a modified accrual basis, which focuses on the near-term sources and uses of available resources. This is the manner in which the budget is typically developed.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Most of the Village's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

The Village of Baroda maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general operating fund, and one special revenue fund - Major Street, which is considered a major fund. The data from the other two special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

## **Proprietary Funds**

The Village of Baroda maintains one type of proprietary fund – Enterprise Fund. Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its Water Operating and Sewer Operating Funds. The Village has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Operating and Sewer Operating funds and are considered major funds of the Village.

### **Notes to Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Additional Required Supplementary Information**

Following the basic financial statements is additional required supplementary information that further explains and supports the information in the financial statements.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village's case, assets exceeded its liabilities at the end of the fiscal year by \$1,786,318. However, a portion of the Village's net assets (58%) represents its investment in capital assets (e.g. land, buildings, equipment, water and sewer systems). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



# Statement of Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Current Assets	\$194,010	\$176,695	\$566,092	\$475,461	\$760,102	\$652,156
Non-current Assets	<u>\$369,173</u>	<u>\$356,025</u>	<u>\$991,869</u>	<u>\$1,044,620</u>	<u>\$1,361,042</u>	<u>\$1,400,645</u>
<b>Total Assets</b>	<u>\$563,183</u>	<u>\$532,720</u>	<u>\$1,557,961</u>	<u>\$1,520,081</u>	<u>\$2,121,144</u>	<u>\$2,052,801</u>
Long-Term Debt	-	-	\$330,000	\$375,000	\$330,000	\$375,000
Outstanding Other Liabilities	-	<u>\$5,610</u>	<u>\$4,826</u>	<u>\$4,759</u>	<u>\$4,826</u>	<u>\$10,369</u>
<b>Total Liabilities</b>	<u>\$ .00</u>	<u>\$5,610</u>	<u>\$334,826</u>	<u>\$379,759</u>	<u>\$334,826</u>	<u>\$385,369</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net Of Related Debt	\$369,173	\$356,025	\$661,869	\$669,620	\$1,031,042	\$1,025,645
Restricted	-	-	\$97,312	\$111,581	\$97,312	\$111,581
Unrestricted	<u>\$194,010</u>	<u>\$171,085</u>	<u>\$463,954</u>	<u>\$359,121</u>	<u>\$657,964</u>	<u>\$530,206</u>
<b>Total Net Assets</b>	<u>\$563,183</u>	<u>\$527,110</u>	<u>\$1,223,135</u>	<u>\$1,140,322</u>	<u>\$1,786,318</u>	<u>\$1,667,432</u>

# Statement of Activities

	Governmental Activities		Business- Type Activities		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
<b><i>Program Revenues</i></b>						
Charges for Services	\$45,948	\$44,370	\$218,540	\$206,536	\$264,488	\$250,906
Operating Grants & Contributions	\$60,869	\$63,616	-	-	\$60,869	\$63,616
Capital Grants & Contributions	\$18,300	\$100,594	-	-	\$18,300	\$100,594
<b><i>General Revenues</i></b>						
Property Taxes	\$104,952	\$95,016	\$64,763	\$57,480	\$169,715	\$152,496
State-Shared Revenues	\$81,733	\$82,565	-	-	\$81,733	\$82,565
Investment Earnings	\$8,541	\$3,004	\$16,474	\$4,984	\$25,015	\$7,988
Transfers & Other Revenue	<u>\$6,172</u>	<u>\$9,845</u>	<u>-</u>	<u>-</u>	<u>\$6,172</u>	<u>\$9,845</u>
<b>Total Revenues</b>	<u>\$326,515</u>	<u>\$399,010</u>	<u>\$299,777</u>	<u>\$269,000</u>	<u>\$626,292</u>	<u>\$668,010</u>
<b><i>Program Expenses</i></b>						
Legislative General	\$9,106	\$8,902	-	-	\$9,106	\$8,902
Government	\$140,765	\$145,815	-	-	\$140,765	\$145,815
Public Safety	\$11,430	\$16,086	-	-	\$11,430	\$16,086
Public Works	\$104,603	\$106,395	-	-	\$104,603	\$106,395
Community & Economic Development	\$3,840	\$5,021	-	-	\$3,840	\$5,021
Recreation & Culture	\$20,698	\$17,759	-	-	\$20,698	\$17,759
Interest on Long-Term Debt	-	\$1,000	-	-	-	\$1,000
Water & Sewer	-	-	<u>\$216,964</u>	<u>\$216,533</u>	<u>\$216,964</u>	<u>\$216,536</u>
<b>Total Expenses</b>	<u>\$290,442</u>	<u>\$300,978</u>	<u>\$216,964</u>	<u>\$216,533</u>	<u>\$507,406</u>	<u>\$517,511</u>
<b>Change in Net Assets</b>	<u>\$36,073</u>	<u>\$98,032</u>	<u>\$82,813</u>	<u>\$52,467</u>	<u>\$118,886</u>	<u>\$150,499</u>

**Governmental Activities Net Assets increased \$36,073. Highlights are listed below:**

- Experienced an increase of \$9,936 in Tax Revenues due to increase in Millage
- Experienced a decrease in State Revenue Sharing due to State budget cuts
- Experienced a decrease in Licenses and Permits Revenue from the previous year.
- Experienced a \$10,000 increase in General Government Expenditures
- Experienced an \$1,800 decrease in Public Works Expenditures
- The Treasurer invested funds in a Certificate of Deposit and we experienced a large increase in interest income.

**Business-Type Activities Net Assets increased \$82,813. Highlights are listed below:**

- Metered Sales Revenue increased \$9,190 over last year
- Experienced a \$900 decrease in Water Purchased Expenditures, most expenditures remained very close to 2004-2005 expenditures.
- Experienced a \$1,500 decrease in Professional Services Expenditures
- The Non-operating Revenue increased by \$11,500 due to interest earned on Certificates of Deposit.

### **Enterprise Fund Operations**

The Village's business-type activities consist of the Water and Sewer Funds. We provide water to 99% of the Village and to some of the surrounding Township homes. We purchase our water from the Lake Charter Township Water Department. Sewer service is provided to 98% of the Village and no sewer service is provided to the Township residents.

Work in the Lakeshore Vineyards sub-division has begun and proposes to add an additional 23 houses to the water and sewer systems.

Overall, we saw a decrease of \$5,700 in Water Fund Operating Expenses and an increase of \$3,200 in Operating Revenue. In the Sewer Fund Operating Expenses we saw an increase of \$8,500 and an increase \$8,700 in Sewer Operating Revenue.

As we look at the business-type activities separately from the governmental activities, we see that the business-type activities have over double the net assets of the governmental activities even though the business-type activities have a much larger amount of liabilities. The business-type activities have bonds that need to be paid off. We believe with the proposed housing developments being looked at, that we will see quite an increase in revenue in our business-type activities.

## **Financial Analysis of Governmental Funds**

### **General Fund Highlights**

The General Fund Revenue was down by \$73,000 from the 2004-05 fiscal year. This was due to a decrease in State Revenue Sharing, Non-business licenses and permits, and Interest and Rents. We did not receive a Contribution from our Component Unit this year.

Most of the Village's expenses are paid out of the General Fund. Our Total Expenditures for the year were down by \$109,400 from the 2004-2005 year. Expenses were down in several areas.

Employee Benefits - The Village continues to contribute 6% of the employees' wages to the Pension Plan. Health insurance benefits are paid for the three full-time employees. We have experienced a slight rise in premiums at the end of the fiscal year.

### **Major Street Highlights**

The Major Street Fund Revenue increased by \$1,000 from the previous year. We experienced a decrease in Act 51 monies received from the State. The Component Unit contributed \$15,000 toward the Lemon Creek Road Project. Expenditures increased by \$24,400 due to the engineering costs for the Lemon Creek Road Project.

The Fund Balance increased \$7,798 for the year. The Major Street Fund Balance at the end of the year was \$99,736 of which \$38,605 is designated for the Lemon Creek Road Project.

### **General Fund Budgetary Highlights**

Actual expenses for the year came in at \$49,748 less the budgeted amount and total revenues came in at \$19,884 more than budgeted and can be briefly summarized as follows:

- Total Administrative and Office Expenses came in at \$11,923 less than budgeted (due to lower legal and engineering fees than anticipated).
- Total Buildings and Grounds Expenses came in at \$3,413 less than budgeted.
- Total Public Safety Expenses came in at \$3,822 less than budgeted.
- Total Public Works Expenses came in at \$7,797 less than budgeted.
- Total Community and Economic Development Expenses came in at \$12,610 less than budgeted (due to the Ordinance Book Codification not being completed during the fiscal year – this will be completed during the 2006-2007 Fiscal Year).
- Total Recreation and Cultural Expenses came in at \$4,892 less than budgeted (due to fewer park repairs than anticipated).

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Governmental Activities Total Nondepreciable Assets at the Fiscal Year End 2005-2006 was \$146,665. This included current year additions of \$26,395 for construction in progress on the Lemon Creek Road Project.

The Total Capital Assets Other Than Nondepreciable at the Fiscal Year End 2005-2006 was \$222,508. This included current year additions of \$2,455 of land improvements and \$2,789 in new office equipment.

### **Statement of Capital Assets (net of depreciation)**

	<b>Governmental Activities</b>		<b>Business- Type Activities</b>		<b>Total</b>	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Land	\$120,270	\$120,270	\$81,110	\$81,110	\$227,775	\$201,380
Construction in Progress	\$26,395	-	-	-	\$26,395	-
Buildings	\$27,984	\$29,071	-	-	\$27,984	\$29,071
Land Improvements	\$108,371	\$110,738	-	-	\$108,371	\$110,738
Machinery & Equipment	\$83,005	\$94,536	\$16,713	\$23,155	99,718	\$117,691
Vehicles	-	-	-	-	-	-
Office Equipment	\$3,148	\$1,410	-	-	\$3,148	\$1,410
Utility System	-	-	<u>\$894,046</u>	<u>\$940,355</u>	<u>\$894,046</u>	<u>\$940,355</u>
<b>Total</b>	<u>\$369,173</u>	<u>\$356,025</u>	<u>\$991,869</u>	<u>\$1,044,620</u>	<u>\$1,361,042</u>	<u>\$1,400,645</u>

Additional information on capital assets can be found in note 3 of the Financial Statements.

### **Long Term Debt**

The Sewer Fund has a balance of \$200,000 in bonds and \$34,849 in Interest to be paid to Berrien County. These bonds should be paid off by in 2011.

The Water Fund has a balance of \$130,000 in bonds and \$45,500 in Interest to be paid to Berrien County. These bonds should be paid off by 2019.

### **Investments**

The Treasurer has invested \$326,983 in Certificate of Deposits to help grow our funds. Funds with CD's are: Major Street (Lemon Creek), Centennial, Sewer O & M, Sewer Debt, General, and Water O & M. The DDA has \$205,042 invested in Certificate of Deposits.

### **Economic Factors and Next Year's Budgets and Rates**

The Village had an Economic Enhancement Study done by Charles Eckenstahler of Public Consulting Team and Wightman & Associates, Inc. To summarize the report, the Village is really early in the growth cycle. Mr. Eckenstahler stated that he believes that everything that is happening with the current economics in the Twin Cities area and in Berrien County, that Baroda is in the position for growth and development in about seven years. In the short-term he doesn't anticipate a lot of housing development in Baroda. The Village Council and DDA are working together to create desirable conditions for economic growth in the Village. They began on several projects this year, but the entire plan will take approximately 10 years to complete.

We expect an increase to our revenue as we develop and sell parcels in the Industrial Park. Tax revenues should increase as the proposed housing developments within the village are built.

### **Contacting the Village's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 28, 2006

## INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Baroda  
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Baroda, as of and for the year ended March 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages I through X and 23 through 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Baroda's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gerbel & Company, P.C.*

**Right. On time.**

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**VILLAGE OF BARODA**  
**Statement of Net Assets**  
**March 31, 2006**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
<b>Assets</b>				
Cash	\$ 167,239	\$ 541,370	\$ 708,609	\$ 272,669
Receivables	11,030	24,722	35,752	-
Due from other governments	-	-	-	62,476
Prepaid expenses	15,741	-	15,741	-
Nondepreciable assets:				
Land	120,270	81,110	201,380	-
Construction in progress	26,395	-	26,395	-
Capital assets (net of related depreciation) NOTE 3:				
Buildings	27,984	-	27,984	-
Land improvements	108,371	-	108,371	-
Machinery and equipment	83,005	16,713	99,718	1,077
Vehicles	-	-	-	-
Office equipment	3,148	-	3,148	-
Utility systems	-	894,046	894,046	-
<b>Total Assets</b>	<b>\$ 563,183</b>	<b>\$ 1,557,961</b>	<b>\$ 2,121,144</b>	<b>\$ 336,222</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
Accrued interest	-	2,500	2,500	-
Customer deposits	-	2,326	2,326	-
Noncurrent liabilities:				
Due within one year	-	45,000	45,000	-
Due in more than one year	-	285,000	285,000	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 334,826</b>	<b>\$ 334,826</b>	<b>\$ -</b>
<b>Nets Assets</b>				
Invested in capital assets, net of related debt	\$ 369,173	\$ 661,869	\$ 1,031,042	\$ -
Restricted	-	97,312	97,312	-
Unrestricted	194,010	463,954	657,964	336,222
<b>TOTAL NET ASSETS</b>	<b>\$ 563,183</b>	<b>\$ 1,223,135</b>	<b>\$ 1,786,318</b>	<b>\$ 336,222</b>

The accompanying notes are an integral part of these financial statements.



**VILLAGE OF BARODA**  
**Statement of Activities**  
**For the Year Ended March 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
Legislative	\$ 9,106	\$ -	\$ -	\$ -
General government	140,765	13,057	-	-
Public safety	11,430	-	1,114	-
Public works	104,603	32,411	59,755	15,000
Community and economic development	3,840	-	-	-
Recreation and cultural	20,698	480	-	3,300
<b>Total Governmental Activities</b>	<b>\$ 290,442</b>	<b>\$ 45,948</b>	<b>\$ 60,869</b>	<b>\$ 18,300</b>
Business-type Activities:				
Sewer fund	\$ 107,599	\$ 97,215	\$ -	\$ -
Water fund	109,365	121,325	-	-
<b>Total Business-type Activities</b>	<b>\$ 216,964</b>	<b>\$ 218,540</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 507,406</b>	<b>\$ 264,488</b>	<b>\$ 60,869</b>	<b>\$ 18,300</b>
<b>Component Unit:</b>				
Downtown Development Authority	\$ 32,982	\$ -	\$ -	\$ -

General revenues:  
Property taxes  
State revenue sharing  
Interest  
Other revenue  
Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Downtown Development Authority</b>
\$ (9,106)	\$ -	\$ (9,106)	\$ -
(127,708)	-	(127,708)	-
(10,316)	-	(10,316)	-
2,563	-	2,563	-
(3,840)	-	(3,840)	-
<u>(16,918)</u>	<u>-</u>	<u>(16,918)</u>	<u>-</u>
 \$ (165,325)	 \$ -	 \$ (165,325)	 \$ -
 \$ -	 \$ (10,384)	 \$ (10,384)	 \$ -
<u>-</u>	<u>11,960</u>	<u>11,960</u>	<u>-</u>
 \$ -	 \$ 1,576	 \$ 1,576	 \$ -
 \$ (165,325)	 \$ 1,576	 \$ (163,749)	 \$ -
 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (32,982)</u>
  \$ 104,952	  \$ 64,763	  \$ 169,715	  \$ 98,883
81,733	-	81,733	-
8,541	16,474	25,015	8,737
6,172	-	6,172	23
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 \$ 201,398	 \$ 81,237	 \$ 282,635	 \$ 107,643
 \$ 36,073	 \$ 82,813	 \$ 118,886	 \$ 74,661
<u>527,110</u>	<u>1,140,322</u>	<u>1,667,432</u>	<u>261,561</u>
 \$ 563,183	 \$ 1,223,135	 \$ 1,786,318	 \$ 336,222

**VILLAGE OF BARODA  
GOVERNMENTAL FUNDS  
Balance Sheet  
March 31, 2006**

	<u>General Fund</u>	<u>Major Street Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 63,162	\$ 99,736	\$ 4,341	\$ 167,239
Taxes receivable	11,030	-	-	11,030
Prepaid expenses	15,741	-	-	15,741
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Current Assets	\$ 89,933	\$ 99,736	\$ 4,341	\$ 194,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	\$ 89,933	\$ 99,736	\$ 4,341	\$ 194,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities and Fund Balances</b>				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	\$ -	\$ -	\$ -	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances:				
Unreserved				
Designated, reported in				
Special Revenue	\$ -	\$ 38,605	\$ -	\$ 38,605
Undesignated, reported in				
General Fund	89,933	-	-	89,933
Special Revenue	-	61,131	4,341	65,472
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	\$ 89,933	\$ 99,736	\$ 4,341	\$ 194,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,933	\$ 99,736	\$ 4,341	\$ 194,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**March 31, 2006**

Fund balances of governmental funds	\$ 194,010
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the Government-Wide statements and depreciated over their useful lives.

369,173
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Net assets of governmental activities
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<u>\$ 563,183</u>
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**VILLAGE OF BARODA  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended March 31, 2006**

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 104,952	\$ -	\$ -	\$ 104,952
State shared revenue	81,733	46,649	14,221	142,603
Interest and rents	37,005	3,812	134	40,951
Licenses and permits	6,637	-	-	6,637
Charges for services	6,420	-	-	6,420
Contributions and grants	3,780	-	-	3,780
Contributions from component unit	-	15,000	-	15,000
Other revenue	6,157	15	-	6,172
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Revenues	\$ 246,684	\$ 65,476	\$ 14,355	\$ 326,515
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Expenditures:</b>				
Legislative	\$ 9,106	\$ -	\$ -	\$ 9,106
General government	138,289	1,603	2,203	142,095
Public safety	2,178	-	9,252	11,430
Public works	38,003	56,075	24,560	118,638
Community and economic development	3,840	-	-	3,840
Recreation and cultural	16,158	-	-	16,158
Capital outlay	2,323	-	-	2,323
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Expenditures	\$ 209,897	\$ 57,678	\$ 36,015	\$ 303,590
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 36,787	\$ 7,798	\$ (21,660)	\$ 22,925
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Other Financing Sources (Uses):</b>				
Operating transfer in	\$ 2,308	\$ -	\$ 25,772	\$ 23,464
Operating transfer out	(25,772)	-	(2,308)	(23,464)
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Other Financing Sources (Uses)	\$ (23,464)	\$ -	\$ 23,464	\$ -
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Net Change in Fund Balances	\$ 13,323	\$ 7,798	\$ 1,804	\$ 22,925
Fund Balances, Beginning of Year	76,610	91,938	2,537	171,085
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
FUND BALANCES, END OF YEAR	\$ 89,933	\$ 99,736	\$ 4,341	\$ 194,010
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended March 31, 2006**

Net change in fund balances - total governmental funds	\$ 22,925
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the Government-Wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.

13,148
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Change in net assets of governmental activities	<u>\$ 36,073</u>
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**VILLAGE OF BARODA  
PROPRIETARY FUNDS  
Statement of Net Assets  
March 31, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total</u></b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 297,621	\$ 137,515	\$ 435,136
Billings receivable	5,745	5,794	11,539
Assessments	<u>13,183</u>	<u>-</u>	<u>13,183</u>
Total Current Assets	<u>\$ 316,549</u>	<u>\$ 143,309</u>	<u>\$ 459,858</u>
Noncurrent Assets:			
Restricted Cash:			
Revenue bond interest	\$ 78,491	\$ 18,821	\$ 97,312
System improvements	1,265	5,331	6,596
Meter deposits	<u>-</u>	<u>2,326</u>	<u>2,326</u>
Total Restricted Cash	<u>\$ 79,756</u>	<u>\$ 26,478</u>	<u>\$ 106,234</u>
Capital Assets:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Vehicles	-	4,500	4,500
Water supply system	-	718,054	718,054
Sanitary sewer system	1,179,727	-	1,179,727
Plant additions	1,105	-	1,105
Accumulated depreciation	<u>(654,880)</u>	<u>(393,795)</u>	<u>(1,048,675)</u>
Total Capital Assets	<u>\$ 663,110</u>	<u>\$ 328,759</u>	<u>\$ 991,869</u>
Total Noncurrent Assets	<u>\$ 742,866</u>	<u>\$ 355,237</u>	<u>\$ 1,098,103</u>
TOTAL ASSETS	<u>\$ 1,059,415</u>	<u>\$ 498,546</u>	<u>\$ 1,557,961</u>

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities  
Enterprise Funds**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities:			
Accrued interest	\$ -	\$ 2,500	\$ 2,500
Current portion of debt	35,000	10,000	45,000
Customer meter deposits	-	2,326	2,326
Total Current Liabilities	\$ 35,000	\$ 14,826	\$ 49,826
Noncurrent Liabilities:			
Bonds payable, net of current portion	165,000	120,000	285,000
Total Liabilities	\$ 200,000	\$ 134,826	\$ 334,826
Nets Assets:			
Invested in capital assets, net of related debt	\$ 463,110	\$ 198,759	\$ 661,869
Restricted for debt service	78,491	18,821	97,312
Unrestricted:			
Designated for improvements	1,265	5,331	6,596
Undesignated	316,549	140,809	457,358
Total Net Assets	\$ 859,415	\$ 363,720	\$ 1,223,135
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,059,415</u>	<u>\$ 498,546</u>	<u>\$ 1,557,961</u>



**VILLAGE OF BARODA  
PROPRIETARY FUNDS  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
For the Year Ended March 31, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total</u></b>
<b>Operating Revenues:</b>			
Metered sales	\$ 73,651	\$ 98,887	\$ 172,538
Tap installation fees	7,336	9,282	16,618
Hydrant rentals	-	11,750	11,750
Equipment rentals	15,165	-	15,165
Other	1,063	1,406	2,469
<b>Total Operating Revenues</b>	<b>\$ 97,215</b>	<b>\$ 121,325</b>	<b>\$ 218,540</b>
<b>Operating Expenses:</b>			
Water purchased	\$ -	\$ 45,068	\$ 45,068
Salaries and wages	29,913	10,954	40,867
Payroll taxes	2,288	838	3,126
Supplies	651	2,467	3,118
Professional services	2,451	2,400	4,851
Insurance	1,823	1,641	3,464
Utilities	1,325	147	1,472
Contractual services	1,445	3,273	4,718
Depreciation	35,935	16,816	52,751
Repairs and maintenance	4,374	14,870	19,244
Equipment rental	6,858	2,637	9,495
Sampling	2,199	70	2,269
Miscellaneous	4,687	571	5,258
Permits and fees	-	613	613
<b>Total Operating Expenses</b>	<b>\$ 93,949</b>	<b>\$ 102,365</b>	<b>\$ 196,314</b>
<b>Operating Income</b>	<b>\$ 3,266</b>	<b>\$ 18,960</b>	<b>\$ 22,226</b>
<b>Nonoperating Revenue (Expense):</b>			
Interest income	\$ 11,565	\$ 4,909	\$ 16,474
Property taxes	64,763	-	64,763
Interest expense	(13,650)	(7,000)	(20,650)
<b>Total Net Nonoperating Expenses</b>	<b>\$ 62,678</b>	<b>\$ (2,091)</b>	<b>\$ 60,587</b>
<b>Change in Net Assets</b>	<b>\$ 65,944</b>	<b>\$ 16,869</b>	<b>\$ 82,813</b>
<b>Total Net Assets, Beginning of Year</b>	<b>793,471</b>	<b>346,851</b>	<b>1,140,322</b>
<b>TOTAL NET ASSETS, END OF YEAR</b>	<b>\$ 859,415</b>	<b>\$ 363,720</b>	<b>\$ 1,223,135</b>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA  
PROPRIETARY FUNDS  
Statement of Cash Flows  
For the Year Ended March 31, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total</u></b>
<b>Cash Flows From Operating Activities:</b>			
Cash receipts from customers	\$ 84,292	\$ 111,642	\$ 195,934
Cash receipts from interfund services provided	15,165	9,750	24,915
Payments to employees	(29,913)	(10,954)	(40,867)
Payments of benefits on behalf of employees	(2,288)	(838)	(3,126)
Payments for interfund services used	(6,858)	(2,637)	(9,495)
Payments to suppliers	<u>(18,955)</u>	<u>(71,120)</u>	<u>(90,075)</u>
Net cash provided (used) by operating activities	<u>\$ 41,443</u>	<u>\$ 35,843</u>	<u>\$ 77,286</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Proceeds from debt related tax levy	\$ 64,763	\$ -	\$ 64,763
Interest received on special assessments	1,417	-	1,417
Payment of debt principal	(35,000)	(10,000)	(45,000)
Payment of debt related interest	<u>(13,650)</u>	<u>(7,000)</u>	<u>(20,650)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 17,530</u>	<u>\$ (17,000)</u>	<u>\$ 530</u>
<b>Cash Flows From Investing Activities:</b>			
Interest income	<u>\$ 10,148</u>	<u>\$ 4,909</u>	<u>\$ 15,057</u>
Net cash provided (used) by investing activities	<u>\$ 10,148</u>	<u>\$ 4,909</u>	<u>\$ 15,057</u>
Net increase (decrease) in cash and cash equivalents	\$ 69,121	\$ 23,752	\$ 92,873
Cash Balance, Beginning of Year	<u>308,256</u>	<u>140,241</u>	<u>448,497</u>
CASH BALANCE, END OF YEAR	<u>\$ 377,377</u>	<u>\$ 163,993</u>	<u>\$ 541,370</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA  
PROPRIETARY FUNDS  
Statement of Cash Flows  
For the Year Ended March 31, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total</u></b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 3,266	\$ 18,960	\$ 22,226
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 35,935	\$ 16,816	\$ 52,751
(Increase) decrease in:			
Assessments	2,242	-	2,242
Increase (decrease) in:			
Customer meter deposits	-	67	67
Total adjustments	\$ 38,177	\$ 16,883	\$ 55,060
Net cash provided (used) by operating activities	\$ 41,443	\$ 35,843	\$ 77,286

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by Village of Baroda, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

**A. Reporting Entity**

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

**Village of Baroda Downtown Development Authority.** The members of the governing board of the Downtown Development Authority are appointed by the Village of Baroda. The Authority's operational budget, including its tax levy, is subject to the approval or modification by the Village Board. Also, surplus funds existing at termination of the Authority rest with the Village.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Village of Baroda reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Major Street Fund** is used to account for the upkeep and maintenance of major streets within the Village.

Village of Baroda reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Village's share of the Lake Charter Township's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the operation of the sanitary collections system serving the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first. Unrestricted resources are used as they are needed.

**D. Budgetary Data**

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Village of Baroda as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Capital Assets - Continued**

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	7-10 years
Utility Systems	10-40 years
Land Improvements	15-20 years

**F. Long-Term Liabilities**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

**G. Property Taxes**

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 14 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 8.6547 mills for general operations and 4.0000 mills for sewer debt retirement in 2005. Taxable value of real and personal property for the 2005 tax levy was \$14,754,163 at the full millage rate and \$2,710,247 of I.F.T. property taxed at fifty percent of the millage rate.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Restricted Cash**

Certain resources in the Village's enterprise funds have been set aside for specific future expenditures and repayments, including monies held for meter deposits, amounts to be used for improvements and amounts to be used for interest expense on bonds payable.

**J. Cash and Cash Equivalents**

The Village considers all highly liquid investments (including restricted assets) with a maturity of one year or less when purchased to be defined as cash equivalents.

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**L. Designated Fund Balances**

Certain resources have been contributed to the Village's Major Street Fund for the intended purpose of improvements to Lemon Creek Road. Until these improvements have been completed, a portion of the unrestricted fund balance has been designated for these improvements.

**M. Restricted and Designated Net Assets**

The Village's water and sewer enterprise funds have restricted net assets to account for the cash restricted for bond debt interest. The designated unrestricted net assets are intended for improvements to the water and sewer systems.

**NOTE 2 - CASH AND CASH INVESTMENTS**

**Cash and Short-term Investments** - The Village is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Village is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. Act 217, PA 1982 states that the Village's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Village's deposits are in accordance with statutory authority at March 31, 2006.

It is the objective of the Village to maintain safety of principal of its funds maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return.



**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 2 - CASH AND CASH INVESTMENTS - Continued**

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

As of March 31, 2006 the Village's funds were deposited in three institutions meeting the above requirements. At year end the carrying amount of the Village's deposits was \$981,178 and the respective bank balances totaled \$989,488. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$300,000.

**NOTE 3 - CAPITAL ASSETS**

Capital assets activities for the year ended March 31, 2006 were as follows:

	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2006</u>
<b>Governmental Activities</b>				
Nondepreciable assets:				
Construction in progress	\$ -	\$ 26,395	\$ -	\$ 26,395
Land	<u>120,270</u>	<u>-</u>	<u>-</u>	<u>120,270</u>
Total Nondepreciable Assets	<u>\$ 120,270</u>	<u>\$ 26,395</u>	<u>\$ -</u>	<u>\$ 146,665</u>
Buildings	\$ 58,390	\$ -	\$ -	\$ 58,390
Land Improvements	121,436	2,455	-	123,891
Machinery and equipment	195,869	-	-	195,869
Vehicles	24,872	-	-	24,872
Office Equipment	<u>6,481</u>	<u>2,789</u>	<u>-</u>	<u>9,270</u>
Subtotal	\$ 407,048	\$ 5,244	\$ -	\$ 412,292
Less: Accumulated Depreciation	<u>(171,293)</u>	<u>(18,491)</u>	<u>-</u>	<u>(189,784)</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 235,755</u>	<u>\$ (13,247)</u>	<u>\$ -</u>	<u>\$ 222,508</u>

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 3 - CAPITAL ASSETS - Continued**

	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>March 31, 2006</u>
<b>Business Activities</b>				
Land	\$ 81,110	\$ -	\$ -	\$ 81,110
Machinery and equipment	56,048	-	-	56,048
Vehicles	4,500	-	-	4,500
Utility Systems	<u>1,898,886</u>	<u>-</u>	<u>-</u>	<u>1,898,886</u>
Subtotal	\$ 2,040,544	\$ -	\$ -	\$ 2,040,544
Less: Accumulated Depreciation	<u>(995,924)</u>	<u>(52,751)</u>	<u>-</u>	<u>(1,048,675)</u>
Total Capital Assets	<u>\$ 1,044,620</u>	<u>\$ (52,751)</u>	<u>\$ -</u>	<u>\$ 991,869</u>
<b>Component Unit</b>				
Equipment	\$ -	\$ 1,133	\$ -	\$ 1,133
Less: Accumulated depreciation	<u>-</u>	<u>(58)</u>	<u>-</u>	<u>(58)</u>
Total Capital Assets	<u>\$ -</u>	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 1,075</u>

Depreciation expense was charged in the following functions in the statement of activities:

**Governmental functions:**

General government	\$ 2,192
Public works	11,357
Recreation and cultural	<u>4,942</u>

Total	<u>\$ 18,491</u>
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**Business-type functions:**

Water	\$ 16,816
Sewer	<u>35,935</u>

Total	<u>\$ 52,751</u>
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**Component Unit:**

Recreation and cultural	<u>\$ 58</u>
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**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 4 - CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2006:

	<u><b>Bonds Payable</b></u>
As of April 1, 2005	\$ 375,000
Additions	-
(Reductions)	<u>(45,000)</u>
As of March 31, 2006	<u>\$ 330,000</u>

Long-term debt at March 31, 2006 is comprised of the following individual issues:

	<u><b>Balance April 1, 2005</b></u>	<u><b>Additions</b></u>	<u><b>Reductions</b></u>	<u><b>Balance March 31, 2006</b></u>	<u><b>Due Within One Year</b></u>
<b>Business-type Activities:</b>					
\$300,000 bond due in annual installments of \$10,000 through January 1, 2019; interest at 5.00% - Water Fund.	\$ 140,000	\$ -	\$ (10,000)	\$ 130,000	\$ 10,000
\$815,000 bond due in annual installments of \$10,000 to \$40,000 through October 1, 2011 ; interest varies from 5.65% to 6.50% - Sewer Fund	<u>235,000</u>	<u>-</u>	<u>(35,000)</u>	<u>200,000</u>	<u>35,000</u>
Total Business-Type Activities	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ 330,000</u>	<u>\$ 45,000</u>

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued**

Annual debt service requirements to maturity for the above obligations are as follows:

<b>Year Ending</b> <b>March 31,</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2007	\$ 45,000	\$ 18,059
2008	45,000	15,415
2009	50,000	12,570
2010	50,000	9,530
2011	50,000	6,450
2012-2016	60,000	15,325
2017-2019	30,000	3,000
<b>Total</b>	<b>\$ 330,000</b>	<b>\$ 80,349</b>

**Schedule of Indebtedness - Bonds Payable (Water Fund)**

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979, for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<b>Date</b>	<b>Original Amount</b>	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Annual Principal Requirement</b>	<b>Annual Interest Payable</b>
10/2/79	\$ 300,000	5.00%	1/1/07	\$ 10,000	\$ 6,500
		5.00%	1/1/08	10,000	6,000
		5.00%	1/1/09	10,000	5,500
		5.00%	1/1/10	10,000	5,000
		5.00%	1/1/11	10,000	4,500
		5.00%	1/1/12	10,000	4,000
		5.00%	1/1/13	10,000	3,500
		5.00%	1/1/14	10,000	3,000
		5.00%	1/1/15	10,000	2,500
		5.00%	1/1/16	10,000	2,000
		5.00%	1/1/17	10,000	1,500
		5.00%	1/1/18	10,000	1,000
		5.00%	1/1/19	10,000	500
<b>TOTAL</b>				<b>\$ 130,000</b>	<b>\$ 45,500</b>

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued**

**Schedule of Indebtedness - Bonds Payable (Sewer Fund)**

Berrien County Sanitary Sewage Disposal Refunding Bonds were issued by the County of Berrien October 1, 1992, for the purpose of refunding Berrien County Sewage Disposal System No. 18 Bonds (Prior Bonds) and paying the costs of issuing and refunding bonds. The County of Berrien called for redemption, on October 1, 1995, of all outstanding maturities of the Prior Bond.

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/1/92	\$ 815,000	6.05%	10/1/06	\$ 35,000	\$ 11,559
		6.20%	10/1/07	35,000	9,415
		6.30%	10/1/08	40,000	7,070
		6.40%	10/1/09	40,000	4,530
		6.50%	10/1/10	40,000	1,950
		6.50%	10/1/11	10,000	325
<b>TOTAL</b>				<u>\$ 200,000</u>	<u>\$ 34,849</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

During the year, the following transfer was made between funds:

<b>From General Fund</b>	
To Police Fund	\$ 8,772
To Local Street Fund	17,000
<b>From Police Fund</b>	
To General Fund	<u>2,308</u>
<b>Total Transfers Between Funds</b>	<u>\$ 28,080</u>

Funds were transferred to the Police Fund from the General Fund to cover annual contract payments for police services provided by Lake Township Police Department.

Funds were transferred to the Local Street Fund from the General Fund for operating costs incurred during the year.

Funds were transferred to the General Fund from the Police Fund to close out the Police fund which is not required since there is no dedicated millage. Payments to the township for police services will be paid directly out of the General Fund.

**VILLAGE OF BARODA**  
**Notes to Financial Statements**  
**March 31, 2006**

**NOTE 6 - PENSION PLAN**

The Village participates in a 401(k) plan, in which employees can make elective deferrals to the plan, regardless of full or part-time status; however, the Village contributes 6% for those employees considered full-time. Under this plan three employees are considered full-time. The Village's pension cost for the fiscal year ending March 31, 2006, is \$5,315. The current year contribution was based on covered payroll of \$88,577.

**NOTE 7 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES**

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues		
Building and mechanical permits	\$	2,873
Expenditures		
Building and mechanical inspector		<u>2,178</u>
Revenues in Excess of Expenditures	\$	<u>695</u>

**NOTE 8 - RISK MANAGEMENT**

The Village carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

**NOTE 9 - TRANSACTIONS WITH COMPONENT UNIT**

Transactions between the Village and the Downtown Development Authority (DDA) for the year ended March 31, 2006, consisted of a contribution of \$15,000 from the DDA to the Major Street Fund for the Lemon Creek Road project, and a \$1,133 contribution to the General Fund for costs associated with the construction of a pedestrian bridge in the Village's park.

**NOTE 10 - EXPENDITURES OVER BUDGET**

P.A. 621 of 1978 Section 18, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved General Fund budget of the Village was adopted at the department level. During the year ended March 31, 2006, the Village incurred expenditures in certain budgetary functions, which were in excess of the amount appropriated as follows:

	<u>Activity</u> <u>Appropriation</u>	<u>Activity</u> <u>Expenditures</u>	<u>Negative</u> <u>Budget Activity</u>
Major Street Fund - General Government	\$ 1,600	\$ 1,603	\$ 3

**VILLAGE OF BARODA  
GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 80,900	\$ 97,900	\$ 104,952	\$ 7,052
Non-business licenses and permits	8,000	8,000	6,637	(1,363)
State revenue	75,000	75,000	81,733	6,733
Charges for services	6,900	6,900	6,420	(480)
Interest and rents	33,500	33,500	37,005	3,505
Contributions and grants	500	500	3,780	3,280
Other revenue	5,000	5,000	6,157	1,157
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ 209,800	\$ 226,800	\$ 246,684	\$ 19,884
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures:</b>				
Legislative	\$ 9,850	\$ 9,850	\$ 9,106	\$ 744
General government	154,415	156,995	138,289	18,706
Public safety	6,000	6,000	2,178	3,822
Public works	37,910	45,800	38,003	7,797
Community and economic development	16,450	16,450	3,840	12,610
Recreation and cultural	19,986	21,050	16,158	4,892
Capital outlay	-	3,500	2,323	1,177
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	\$ 244,611	\$ 259,645	\$ 209,897	\$ 49,748
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (34,811)	\$ (32,845)	\$ 36,787	\$ 69,632
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	\$ (49,695)	\$ (33,105)	\$ (25,772)	\$ 7,333
Operating transfers in	-	-	2,308	2,308
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	\$ (49,695)	\$ (33,105)	\$ (23,464)	\$ 9,641
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balance	\$ (84,506)	\$ (65,950)	\$ 13,323	\$ 79,273
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balance, Beginning of Year	76,610	76,610	76,610	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
FUND BALANCE, END OF YEAR	\$ (7,896)	\$ 10,660	\$ 89,933	\$ 79,273
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**VILLAGE OF BARODA  
SPECIAL REVENUE FUND  
Major Street Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
State shared revenue	\$ 48,000	\$ 48,000	\$ 46,649	\$ (1,351)
Interest and rents	500	500	3,812	3,312
Contribution from component unit	14,980	15,000	15,000	-
Miscellaneous	-	-	15	15
	<u>63,480</u>	<u>63,500</u>	<u>65,476</u>	<u>1,976</u>
Total Revenues	\$	\$	\$	\$
<b>Expenditures:</b>				
General Government:				
Professional services	\$ 600	\$ 600	\$ 600	\$ -
Insurance	1,000	1,000	1,003	(3)
	<u>1,600</u>	<u>1,600</u>	<u>1,603</u>	<u>(3)</u>
Total General Government	\$	\$	\$	\$
Public Works:				
Construction:				
Contract services	\$ 15,000	\$ 30,000	\$ 26,395	\$ 3,605
Routine Maintenance:				
Salaries	\$ 8,500	\$ 8,500	\$ 6,281	\$ 2,219
Payroll taxes	650	650	480	170
Supplies	1,000	2,000	1,242	758
Equipment rental	20,000	20,000	15,510	4,490
Repairs and maintenance	7,000	8,500	2,417	6,083
	<u>37,150</u>	<u>39,650</u>	<u>25,930</u>	<u>13,720</u>
Total Routine Maintenance	\$	\$	\$	\$
Winter Maintenance:				
Salaries	\$ 3,000	\$ 3,000	\$ 975	\$ 2,025
Payroll taxes	230	230	75	155
Supplies	2,000	2,000	660	1,340
Equipment rental	4,500	4,500	2,040	2,460
	<u>9,730</u>	<u>9,730</u>	<u>3,750</u>	<u>5,980</u>
Total Winter Maintenance	\$	\$	\$	\$
Total Public Works	\$ 61,880	\$ 79,380	\$ 56,075	\$ 23,305
Total Expenditures	\$ 63,480	\$ 80,980	\$ 57,678	\$ 23,302
Net Change in Fund Balance	\$ -	\$ (17,480)	\$ 7,798	\$ 25,278



**VILLAGE OF BARODA**  
**SPECIAL REVENUE FUND**  
**Major Street Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended March 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Net Change in Fund Balance	\$ -	\$ (17,480)	\$ 7,798	\$ 25,278
Fund Balances, Beginning of Year	<u>91,938</u>	<u>91,938</u>	<u>91,938</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 91,938</u>	<u>\$ 74,458</u>	<u>\$ 99,736</u>	<u>\$ 25,278</u>

**VILLAGE OF BARODA  
NONMAJOR GOVERNMENTAL FUNDS  
Description of Funds**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Police Fund** - This fund is used to account for revenues collected and monies expended for the purpose of providing police services for the Village.

**Local Street Fund** - This fund is used to account for revenues collected and monies expended for the purpose of maintaining the nonmajor streets within the Village.

**VILLAGE OF BARODA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Balance Sheet**  
**March 31, 2006**

	<u>Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,341	\$ 4,341
Total Current Assets	\$ 4,341	\$ 4,341
TOTAL ASSETS	\$ 4,341	\$ 4,341
<b>Fund Balances</b>		
Fund Balances:		
Unreserved, reported in Special Revenue	\$ 4,341	\$ 4,341
Total Fund Balances	\$ 4,341	\$ 4,341
TOTAL FUND BALANCES	\$ 4,341	\$ 4,341

**VILLAGE OF BARODA  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended March 31, 2006**

	<b><u>Special Revenue</u></b>	<b><u>Total Nonmajor Governmental Funds</u></b>
<b>Revenues:</b>		
State shared revenue	\$ 14,221	\$ 14,221
Interest and rents	<u>134</u>	<u>134</u>
 Total Revenues	 \$ 14,355	 \$ 14,355
 <b>Expenditures:</b>		
General government	\$ 2,203	\$ 2,203
Public safety	9,252	9,252
Public works	<u>24,560</u>	<u>24,560</u>
 Total Expenditures	 \$ 36,015	 \$ 36,015
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ (21,660)	 \$ (21,660)
 <b>Other Financing Sources (Uses):</b>		
Operating transfer in	\$ 25,772	\$ 25,772
Operating transfer out	<u>(2,308)</u>	<u>(2,308)</u>
 Total Other Financing Sources (Uses)	 \$ 23,464	 \$ 23,464
 Net Change in Fund Balances	 \$ 1,804	 \$ 1,804
 Fund Balances, Beginning of Year	 <u>2,537</u>	 <u>2,537</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 4,341</u>	 <u>\$ 4,341</u>

**VILLAGE OF BARODA  
GENERAL FUND  
Statement of Revenues, Compared to Budget  
For the Year Ended March 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Taxes:</b>			
Property tax collections	\$ 96,500	\$ 103,553	\$ 7,053
Trailer fees	900	860	(40)
Interest and penalties on taxes	<u>500</u>	<u>539</u>	<u>39</u>
<b>Total Taxes</b>	<b>\$ 97,900</b>	<b>\$ 104,952</b>	<b>\$ 7,052</b>
Non-business licenses and permits	<u>\$ 8,000</u>	<u>\$ 6,637</u>	<u>\$ (1,363)</u>
<b>State Revenues:</b>			
State revenue sharing	<u>\$ 75,000</u>	<u>\$ 81,733</u>	<u>\$ 6,733</u>
<b>Charges for Services:</b>			
Graves	\$ 1,500	\$ 1,020	\$ (480)
Administration cost recovery	<u>5,400</u>	<u>5,400</u>	<u>-</u>
<b>Total Charges for Services</b>	<b>\$ 6,900</b>	<b>\$ 6,420</b>	<b>\$ (480)</b>
Interest and rents	<u>\$ 33,500</u>	<u>\$ 37,005</u>	<u>\$ 3,505</u>
<b>Contributions:</b>			
Contributions and grants	<u>\$ 500</u>	<u>\$ 3,780</u>	<u>\$ 3,280</u>
Other	<u>\$ 5,000</u>	<u>\$ 6,157</u>	<u>\$ 1,157</u>
<b>TOTAL REVENUES</b>	<b>\$ 226,800</b>	<b>\$ 246,684</b>	<b>\$ 19,884</b>

**VILLAGE OF BARODA  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended March 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Legislative:</b>			
<b>Trustees:</b>			
Salaries	\$ 8,400	\$ 8,130	\$ 270
Payroll taxes	650	622	28
Travel	200	209	(9)
Education	<u>600</u>	<u>145</u>	<u>455</u>
Total Legislative	<u>\$ 9,850</u>	<u>\$ 9,106</u>	<u>\$ 744</u>
<b>General Government:</b>			
<b>President:</b>			
Salaries	\$ 5,900	\$ 5,880	\$ 20
Payroll taxes	415	450	(35)
Travel	850	373	477
Education	<u>1,000</u>	<u>190</u>	<u>810</u>
Total President	<u>\$ 8,165</u>	<u>\$ 6,893</u>	<u>\$ 1,272</u>
<b>Clerk:</b>			
Salaries	\$ 20,880	\$ 20,577	\$ 303
Payroll taxes	1,600	1,574	26
Supplies	4,000	3,492	508
Education	500	425	75
Travel	1,000	952	48
Equipment and repairs	5,000	4,198	802
Miscellaneous	<u>70</u>	<u>60</u>	<u>10</u>
Total Clerk	<u>\$ 33,050</u>	<u>\$ 31,278</u>	<u>\$ 1,772</u>
<b>Treasurer:</b>			
Salaries	\$ 8,400	\$ 8,138	\$ 262
Payroll taxes	650	623	27
Travel	100	63	37
Miscellaneous	<u>460</u>	<u>460</u>	<u>-</u>
Total Treasurer	<u>\$ 9,610</u>	<u>\$ 9,284</u>	<u>\$ 326</u>

**VILLAGE OF BARODA  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended March 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government, continued:</b>			
<b>Administrative and Office:</b>			
Professional services	\$ 24,000	\$ 18,111	\$ 5,889
Telephone	2,000	1,942	58
Internet services and website	600	595	5
Publishing	1,750	1,078	672
Insurance	43,500	40,093	3,407
Pension	5,500	5,315	185
Equipment rental	2,000	768	1,232
Miscellaneous	5,100	4,625	475
Total Administrative and Office	<u>\$ 84,450</u>	<u>\$ 72,527</u>	<u>\$ 11,923</u>
<b>Buildings and Grounds:</b>			
Salaries	\$ 8,000	\$ 5,815	\$ 2,185
Payroll taxes	620	445	175
Supplies	4,300	3,941	359
Utilities	5,100	4,807	293
Repairs and maintenance	3,700	3,299	401
Total Buildings and Grounds	<u>\$ 21,720</u>	<u>\$ 18,307</u>	<u>\$ 3,413</u>
Total General Government	<u>\$ 156,995</u>	<u>\$ 138,289</u>	<u>\$ 18,706</u>
<b>Public Safety:</b>			
Inspectors	\$ 6,000	\$ 2,178	\$ 3,822
Total Public Safety	<u>\$ 6,000</u>	<u>\$ 2,178</u>	<u>\$ 3,822</u>

**VILLAGE OF BARODA  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended March 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public Works:</b>			
Drains	\$ 100	\$ -	\$ 100
Fire hydrant rental	\$ 10,000	\$ 9,750	\$ 250
Highways and Streets:			
Salaries	\$ 6,500	\$ 6,411	\$ 89
Payroll taxes	500	490	10
Operating supplies	3,000	(360)	3,360
Street lights	13,800	12,230	1,570
Gas and oil	7,000	5,287	1,713
Equipment rental	-	42	(42)
Equipment repairs	4,800	4,077	723
Miscellaneous	100	76	24
Total Highways and Streets	\$ 35,700	\$ 28,253	\$ 7,447
Total Public Works	\$ 45,800	\$ 38,003	\$ 7,797
<b>Community and Economic Development:</b>			
Planning Commission:			
Salaries	\$ 4,150	\$ 2,900	\$ 1,250
Payroll taxes	300	222	78
Legal fees	1,000	336	664
Education	500	-	500
Ordinance book	10,000	-	10,000
Miscellaneous	500	382	118
Total Community and Economic Development	\$ 16,450	\$ 3,840	\$ 12,610



**VILLAGE OF BARODA  
GENERAL FUND  
Statement of Expenditures, Compared to Budget  
For the Year Ended March 31, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Recreation and Cultural:</b>			
Parks and Recreation:			
Salaries	\$ 8,000	\$ 7,853	\$ 147
Payroll taxes	600	601	(1)
Operating supplies	300	136	164
Park repairs	5,000	2,903	2,097
Equipment rental	4,500	3,651	849
Utilities	750	270	480
Outside services	500	-	500
Miscellaneous	<u>1,400</u>	<u>744</u>	<u>656</u>
Total Recreation and Cultural	<u>\$ 21,050</u>	<u>\$ 16,158</u>	<u>\$ 4,892</u>
<b>Capital Outlay</b>	<u>\$ 3,500</u>	<u>\$ 2,323</u>	<u>\$ 1,177</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 259,645</u>	<u>\$ 209,897</u>	<u>\$ 49,748</u>

**VILLAGE OF BARODA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet**  
**March 31, 2006**

	<b><u>Police</u></b> <b><u>Fund</u></b>	<b><u>Local</u></b> <b><u>Street</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b>
<b>Assets</b>			
Cash in bank	\$ -	\$ 4,341	\$ 4,341
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 4,341</u></b>	<b><u>\$ 4,341</u></b>
<b>Fund Balance</b>			
Fund balances:			
Unreserved	\$ -	\$ 4,341	\$ 4,341
<b>Total Fund Balances</b>	<b><u>\$ -</u></b>	<b><u>\$ 4,341</u></b>	<b><u>\$ 4,341</u></b>
<b>TOTAL FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ 4,341</u></b>	<b><u>\$ 4,341</u></b>

**VILLAGE OF BARODA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended March 31, 2006**

	<u>Police Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
<b>Revenues:</b>			
State shared income	\$ 1,114	\$ 13,107	\$ 14,221
Interest and rents	<u>64</u>	<u>70</u>	<u>134</u>
Total Revenues	<u>\$ 1,178</u>	<u>\$ 13,177</u>	<u>\$ 14,355</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
Professional services	\$ 600	\$ 600	\$ 1,200
Insurance	<u>-</u>	<u>1,003</u>	<u>1,003</u>
Total General Government	<u>\$ 600</u>	<u>\$ 1,603</u>	<u>\$ 2,203</u>
<b>Public Safety:</b>			
Salaries	\$ 480	\$ -	\$ 480
Contract services	<u>8,772</u>	<u>-</u>	<u>8,772</u>
Total Public Safety	<u>\$ 9,252</u>	<u>\$ -</u>	<u>\$ 9,252</u>
<b>Public Works:</b>			
Routine Maintenance:			
Salaries	\$ -	\$ 4,998	\$ 4,998
Payroll taxes	-	382	382
Supplies	-	1,006	1,006
Equipment rental	-	14,031	14,031
Repair and maintenance	-	335	335
Miscellaneous	<u>-</u>	<u>60</u>	<u>60</u>
Total Routine Maintenance	<u>\$ -</u>	<u>\$ 20,812</u>	<u>\$ 20,812</u>

**VILLAGE OF BARODA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended March 31, 2006**

	<u>Police Fund</u>	<u>Local Street Fund</u>	<u>Total</u>
<b>Public Works, continued:</b>			
Winter Maintenance:			
Salaries	\$ -	\$ 974	\$ 974
Payroll taxes	-	75	75
Supplies	-	660	660
Equipment rental	-	2,039	2,039
	<u>-</u>	<u>2,039</u>	<u>2,039</u>
 Total Winter Maintenance	 \$ -	 \$ 3,748	 \$ 3,748
 Total Public Works	 \$ -	 \$ 24,560	 \$ 24,560
 Total Expenditures	 \$ 9,852	 \$ 26,163	 \$ 36,015
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ (8,674)	 \$ (12,986)	 \$ (21,660)
 <b>Other Financing Sources (Uses):</b>			
Operating transfers in	\$ 8,772	\$ 17,000	\$ 25,772
Operating transfers out	(2,308)	-	(2,308)
	<u>6,464</u>	<u>17,000</u>	<u>23,464</u>
 Total Other Financing Sources (Uses)	 \$ 6,464	 \$ 17,000	 \$ 23,464
 Net Change in Fund Balance	 \$ (2,210)	 \$ 4,014	 \$ 1,804
 Fund Balances, Beginning of Year	 <u>2,210</u>	 <u>327</u>	 <u>2,537</u>
 FUND BALANCES, END OF YEAR	 <u>\$ -</u>	 <u>\$ 4,341</u>	 <u>\$ 4,341</u>

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

April 28, 2006

Village Board  
Village of Baroda  
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2006, we offer the following comments and recommendations:

## GENERAL

1. The Michigan Department of Treasury Uniform Budget Manual requires the Village to pass a general appropriations act for the general fund and each special revenue fund. The general appropriations act must state the total mills to be levied and the purpose for each millage levied, include an estimate of expected beginning surplus or deficit, estimate of required expenditures, estimate of revenues (by revenue source), estimate of amounts needed for deficiency, estimate for contingent or emergency purposes, and an estimate of expected ending surplus or deficit.
2. To help strengthen internal controls, invoices should accompany checks when presented for second signature.
3. All invoices should be approved by Council prior to disbursement of funds.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Very truly yours,

*Gerbel & Company, P.C.*  
GERBEL & COMPANY, P.C.  
Certified Public Accountants

**Right. On time.**

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